

5 Questions to Ask Before You Buy Your Next Vehicle



*A Free Report Prepared by Your Friends at
Sunset Science Park Federal Credit Union*

5 Questions to Ask Before You Buy Your Next Vehicle

If you've ever gone through it before, you know that buying a new or used vehicle can be an emotional experience. Because of this, it's easy to get caught up in the excitement and get off track financially.

Here are five questions to ask yourself to make sure you drive off the lot with a deal that keeps you feeling good down the road.

- 1) **Should I buy a new or used vehicle?** A well maintained used car is always a better buy because new cars depreciate so mercilessly. However, new cars do grant you the latest styles, features, safety equipment and performance, along with a typically longer warranty.

Another factor to consider is that a new vehicle will most likely cost you more in insurance and should be calculated into your monthly payment when determining how much you can afford. Depending on the make and model, with a used vehicle, you may encounter repairs sooner.

If you do decide to go with a used vehicle, be sure to use Sunset Credit Union's FREE CarFax report.

This will give you a complete history of the vehicle and determine its service records, if there are any hidden problems with the vehicle, or if it has been in an accident.

- 2) **How much can I afford?** There's much more to owning a vehicle than your monthly loan payment. You've got car insurance, fuel costs (gas), and maintenance costs to deal with. Having a solid understanding of your total transportation costs will help keep you from buying more vehicle than you can afford.

Since your credit score will have a direct effect on the rate you are offered on your car loan, you'll want to review your credit report to make sure it is accurate. **You can receive a FREE credit report by visiting our website at www.sspfcu.com.**

Financial experts say that you should never pay more than 20% of your monthly income on transportation and ideally you should keep it around 15%. To help you determine how much you can afford, use the financial calculators located on our website.

Get a preapproved loan with us before you go vehicle shopping so that you can shop like a 'cash' buyer to get your best deal and ensure you won't become a victim to car-dealer financing.

- 3) **What's the best model for me?** You need to be brutally honest about your budget and needs. Read up on the features you want in your next vehicle and stay out of dealerships until you have a short list of contenders in the class (model) you want.

Take into account your transportation needs by taking into consideration where and how you drive. Do you need a vehicle that shuttle the kids to various practices? Then a sports car is probably not your best choice. If 80% of your driving involves your daily commute, then an oversize truck or SUV may have you spending more in fuel than you imagined.

With the amazing amount of information available online about the models that interest you, you'll be able to find customer reviews, available options, gas mileage and much more.

Do your own research by visiting our office. In our lobby we have past and present issues of *Consumer Report* for you to peruse.

Once you have narrowed down your choices, test drive only those models and trust your research and driving impressions. Don't be swayed by all the incentives and bells and whistles that are apt to be thrown at you once you're in the showrooms.

Don't allow second-guessing by salespeople. Too many buyers find their perfect car only to be talked into something else. It's better to take a deep breath and hold out for exactly the vehicle you want than to regret being convinced into something you didn't want from day one.

- 4) **Should I buy or lease?** Buying a vehicle costs less in the long term, but leasing can make sense if you regularly demand a new car (you don't want to deal with potential car repairs, you enjoy new vehicles, security reasons etc).

Be aware that some brands are artificially lowering lease payments to lure new customers. As long as you can stay within the mileage restrictions, you'll drive more car for less per month

than you'd pay to own – and never have to worry about resale. Just remember, when the lease is up, your payments went to 'renting' the car – you don't own anything.

- 5) **How do I get the best price?** The most hassle-free and best way to purchase your next vehicle is to use our Auto Buying service called Auto Solutions (***learn more by visiting our website here: http://www.sspfcu.com/mb_free.html***). In addition to finding your perfect vehicle, Auto Solutions will also negotiate your best deal and deliver the car directly to you.

However, if you do want to go it alone, do your research first. Go online to learn what dealers pay for models – try Edmunds (www.edmunds.com) or Kelly Blue Book (www.kbb.com) and use that information to solicit multiple bids.

If you do want to negotiate, remember these simple rules:

- Don't buy a car in a hurry.
- Eat before you go to the dealership – you might be there for four hours or more and you want to be able to think clearly.
- Check all the numbers and get as much information as you can before you begin negotiating.
- Don't enter negotiating with someone who intimidates you. It should be a win-win proposition – not a matter of one person controlling the other.
- Always, *always* walk out if you don't reach a deal you like.
- Know your style of negotiating and use your unique talents to your advantage. After all, you won't get what you want unless you ask for it.

Once you receive your information, compare this to our data using NADA (National Automobile Dealers Association) to be sure you are receiving a good deal.

If you owe money on your old car, swallow hard and pay off your loan first. Rolling leftover debt into a new car loan is the same pit that traps credit-card abusers. This is one area that car dealers are able to make large commissions off of you and can

lead to great confusion when it comes to negotiating the price of your next vehicle.

Don't assume that big rebates are your best deal. Many top-value cars offer little in incentives and is another area where car dealers can manipulate price.

We understand that purchasing a vehicle can be a daunting and overwhelming event. When you're ready to buy your next (or first) vehicle, please consider us your partner.

We've helped thousands of members get their best deal with the lowest auto loan rate, and would be honored to help you too. Please feel free to contact us with any questions you may have.

Thanks for being a member of Sunset Credit Union!

The Sunset Credit Union Team

503.643.1355

cuteam@sspfcu.com